

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6381

BILL NUMBER: HB 1273

NOTE PREPARED: Dec 5, 2005

BILL AMENDED:

SUBJECT: Housing Trust Fund Financing.

FIRST AUTHOR: Rep. Crawford

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Housing Trust Fund. It requires the Treasurer of State to transfer the balance of the principal of the Abandoned Property Fund that exceeds \$25,500,000 on any day of the state fiscal year before June 30 to the Housing Trust Fund before the end of business on that day. The bill requires the Treasurer of State to transfer to the Housing Trust Fund on June 30 of each year the lesser of: (1) the balance of the principal of the Abandoned Property Fund that exceeds \$500,000; or (2) \$25,000,000. The bill also specifies that money in the Housing Trust Fund must be used to promote affordable housing in accordance with policies developed by the Indiana Housing and Community Development Authority.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill creates the Housing Trust Fund, which the Indiana Housing and Community Development Authority will administer. The bill requires the Authority to develop application criteria and eligibility standards and make available grants and loans to organizations meeting eligibility standards. The Authority will be allowed to use interest earned on the Fund to pay expenses incurred in the administration of the Fund.

Explanation of State Revenues: *State General Fund:* Currently, the Treasurer of State is required to transfer to the state General Fund, at least once each fiscal year, the balance of the Abandoned Property Fund (AP Fund) that exceeds \$500,000. This bill requires the balance that exceeds \$25.5 M on any day is transferred to the Housing Trust Fund that this bill creates. In addition, the remaining balance in excess of \$500,000 is transferred at the end of the fiscal year. The bill places a \$25 M cap on the amount of the June 30 transfer. This will result in a decrease in revenue to the state General Fund.

The amount of money transferred from the AP Fund to the General Fund for the past three fiscal years was:

- FY 2003 - \$28 M
- FY 2004 - \$70 M
- FY 2005 - \$25 M

The first transfers from the AP Fund to the Housing Trust Fund will occur during FY 2006.

Housing Trust Fund: This bill creates the Housing Trust Fund to promote affordable housing based on policies developed by the Authority. Sources of funding include: appropriations from the General Assembly, gifts and grants, investment income earned on the fund's assets, and money transferred from the AP Fund. Money in the fund does not revert to the state General Fund at end of a fiscal year.

Background Information: Prior to June 30, 2003, the balance of the AP Fund above \$500,000 was transferred to the Common School Fund. P.L. 224-2003 required that the balance above \$500,000 be transferred to the General Fund on June 30 of 2003, 2004, and 2005.

Under IC 32-34-1-34(f), interest accrued on property in the Abandoned Property Fund is deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Treasurer of State.

Local Agencies Affected:

Information Sources: Bob Lain, Indiana Office of Management and Budget, 232-3471.

Fiscal Analyst: Valerie Ruda, 317-232-9867.